

# CLINTON BUSH HAITI FUND

April 13, 2010

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Steny Hoyer  
Majority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Sander Levin  
Acting Chairman  
House Committee on Ways and Means  
Washington, D.C. 20515

The Honorable John Boehner  
Republican Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Dave Camp  
Ranking Member  
House Committee on Ways and Means  
Washington, D.C. 20515

Dear Madam Speaker, Leader Hoyer, Leader Boehner, Mr. Levin, and Mr. Camp:

We write to you today about Haiti. As we build upon our shared commitment to provide more ~~Haitians~~ with the tools they seek to lift themselves from poverty and reduce their dependence on international aid, we believe the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act can be amended in two specific ways to encourage greater growth in Haiti, with positive impacts for the United States.

On March 22, we visited Haiti and met with citizens from all sectors of society. While there remains an urgent need for food, water, shelter, and sanitation, Haitian leaders and communities are looking to the future in hopes of developing the modern nation they have long imagined and deserved. We know that Haitian households are eager to return to work, and we are confident that the textile industry can offer significant opportunities for future job creation.

As you know, the existing HOPE program has had a significant impact on this industry. From 2006-2009, HOPE enabled the expansion of apparel manufacturing and the growth of the sector's employment from 12,000 to more than 25,000 workers. HOPE II subsequently assisted the apparel industry in attracting business and in reopening dormant manufacturing operations. These results have been encouraging, but there is much more we can do. The nation's apparel sector once employed more than 100,000 workers, and we should work toward stabilizing and further empowering this industry.

We suggest two immediate modifications to HOPE that have the potential to help create tens of thousands more jobs in Haiti. First, we recommend increasing the HOPE trade preference level (TPL) quotas for knit and woven fabrics to 250 million square meter equivalents each. Second, we suggest extending the duration of the legislation from 8 to 15 years.

These amendments can generate tangible results. During our recent visit, we learned that three major Korean apparel manufacturers are exploring investments in Haiti, each capable of employing 10,000 – 30,000 Haitian workers. This investment could double the employment levels in the Haitian apparel sector. Furthermore, because the project would also require new industrial space and infrastructure, it would create thousands of construction jobs in Haiti. Ultimately, countless more jobs would be produced by the small- and medium-sized enterprises necessary for supporting the needs of these new workforces.

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Additional information is available at the Department of Justice, Washington, D.C.

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Unfortunately, the Korean manufacturers are reluctant to invest in Haiti. A single Korean firm could consume the current TPL of 70 million. In effect, none of the firms will commit if they believe their investment could be jeopardized by potential competition for TPL allocations in the future. Furthermore, the firms will not consider working in Haiti if their investments could be jeopardized by the expiration of the HOPE program before they are able to recover their investment.

These amendments would not increase the total amount of clothing imported by the United States. Instead, the modifications would shift the composition of the imports and increase the proportion coming from Haiti. In fact, over time, greater production capacity in Haiti would likely provide a new and nearby market for American cotton farmers, thereby uplifting incomes in the United States.

We firmly believe that amendments to the HOPE program would offer a win-win situation for both the Haitians and the U.S. community. We encourage you to build on the hemispheric leadership of the United States since the earthquake. With your support, we can expand economic opportunity both in Haiti and here in America.

We would be pleased to provide any additional information.

Sincerely,

The image shows two handwritten signatures side-by-side. The signature on the left is "Bill Clinton" and the signature on the right is "George W. Bush". Both signatures are written in black ink on a white background.



## CTMO-HOPE

*Commission Présidentielle Tripartite de Mise en Œuvre de la Loi HOPE*

March 22, 2010

**The Honorable Ron Kirk  
United States Trade Representative  
Executive Office of the President  
Washington, DC**

2010 AUG 17 AM 8:34

**Dear Ambassador Kirk:**

Since the January 2010 earthquake that devastated Haiti's capital city of Port-au-Prince, the United States Government and the American people in their generosity have aided our immediate relief and recovery efforts with incredible speed and kindness. This assistance has been a real godsend. Further, it is a comfort to know that the U.S. Government is looking beyond assisting Haiti with the myriad daily issues of recovery logistics, and toward policies that will help Haiti lay a foundation for true economic growth and a decentralized system that will be less vulnerable to future catastrophe.

In particular, your office's focus on creating a robust and sustainable Haitian industry and market for U.S. apparel sourcing is an effort we support and is chief among our immediate goals. The "Plus-One for Haiti" program can be an extremely effective marketing and investment tool, and you can count on the HOPE Commission's support to promote it.

That being said, it is impossible for the Plus-One program to reach its ultimate potential unless the HOPE Act is modified to encourage major foreign investments. I am aware that such modifications are in the realm of Congressional authority. However, your public statements and actions can go a long way toward affecting how Members and Committees work to create a meaningful HOPE program.

We pray you will use your considerable influence towards the enactment of a meaningful enhancement of HOPE.

Public statements about increased TPLs being tied to possible Chinese apparel transshipment blunts the sincere efforts of Haiti's friends in the Congress who want to make HOPE a useful program. Those opposed to the enactment of HOPE and HOPE II used the same arguments against possible transshipment tied to TPLs. To date there is no record of single apparel transshipment through Haiti. It is easy for people to shrug off assertions from parties with vested interests, but lawmakers take seriously the statements of U.S. Government officials, and we hope that facts will play a more prominent role in the debate.

Additionally, the Haitian Government agreed to allow U.S. Customs & Border Protection open access on the ground in Haiti in order verify compliance with enforcement clauses of current trade statutes, and we are proud of the cooperative relationship with maintain with U.S. CBP in this regard. Our Government also works closely with U.S. CBP to operate the Electronic Visa Information System (ELVIS), which, before the earthquake, functioned as an effective deterrent against illegal transshipment and a transparent tracking system for Haitian apparel exports to the Untied States. We expect ELVIS to return to full operational status in the near future.

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Additional information is available at the Department of Justice, Washington, D.C.

My colleagues at CTMO-HOPE and I were integrally involved in the creation of HOPE and HOPE II. In both efforts, we impressed upon the Congress the need for robust trade preference levels (TPLs) in order to attract new investments and to make new products, and the end result was two TPLs of 70 million each for knit and woven apparel. We had hoped these TPLs would attract the brick-and-mortar investments that would transform our industry into a sturdy backbone of Haiti's economy, but instead the results have been marginal, and the TPLs underutilized. In addition, investors whose firms are already operating in Haiti also wish to increase their quota and would, therefore, need much more TPLs.

We are now beyond theory. At least three major Korean manufacturing firms and one Israeli firm have made considerable evaluations for investments in Haiti, and the one factor that will affect whether they commit is the need to increase the TPLs to 250 million each, and a 15-year extension of HOPE (2025). This is because the size of the investment from just one of the Korean firms could potentially consume the current TPL, and none of the firms will commit if they believe their investment could be jeopardized by the competition for TPLs, or jeopardized by the expiration of the program before they can recoup their initial investment.

These firms are well known throughout the global apparel industry. They produce in Asia for U.S. brands such as The Gap, and we hope we can have a chance to bring some of this business to Haiti.

The economic potential for this foreign investment is unimaginable. We have honestly never been in such a position to entertain the possibility of a full package foreign apparel investor, which would begin with basic cutting and assembly, and would then establish finishing, laundering, and even knitting and weaving.

The potential employment impact could increase our industry to well over 100,000 jobs in the coming years. When a garment worker in Haiti supports a family of approximately eight other people, the potential for these investments could truly be transformational to our entire country. Moreover, since these investors will be building their own operations, rather than just placing orders with existing factories, thousands of Haitians can be put to work immediately in the construction of these operations.

I would not write with such a candid request if it were not truly the best chance Haiti has to move forward. Modifying the HOPE TPLs to less than 250 million each will only undercut our potential to take advantage of this opportunity. We may receive additional orders, and we may increase employment, but the major foreign investors will pass us by, and Haiti may continue to underperform and consequently continue knocking at the door of Congressional and U.S. Government offices for additional help.

Again, thank you for your continuing support, and we hope you can lend your considerable influence to our effort.

Best regards,



Jean-Palème Mathurin, PhD  
President  
Economic Advisor to the Prime Minister



ASSOCIATION DES INDUSTRIES D'HAÏTI

April 1, 2010

The Honorable Luis Alberto Moreno  
President  
Inter-American Development Bank  
Washington, DC

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Dear Ambassador Moreno,

Please allow me to thank you and your colleagues for the energy and resources you have given to help assist in Haiti's economic revival, even before the devastating January 2010 earthquake. There is a positive spirit of partnership and consensus among the Haitian government, private sector, and multilateral stakeholders, such as the IDB, to build a stable and sustainable Haitian economy through employment generation in the private sector. To that end, the IDB's feasibility study for new industrial zones marks great progress, and we are confident that the zones will ultimately help facilitate new, major private and foreign investments.

That being said, I write to you today with great urgency regarding IDB mechanisms to help sustain Haiti's private sector in the aftermath of the earthquake. Almost immediately after the earthquake, your IDB colleagues responded swiftly and delivered an encouraging message to our apparel and garment industry – that the IDB could utilize its Employment Security Fund (ESF) to help keep factories in Haiti operational through streamlined access to working capital. This message offered not only a powerful signal of business continuity to foreign clients that contract with Haitian factories, but it also provided some semblance of normalcy to Haitian workers who now live in a world that is far from normal.

Specifically, Haiti's apparel and garment industry needs access to approximately USD \$24 million, which would be used to help keep factories make timely payroll commitments to meet timely production deadlines. These funds are desperately needed as soon as possible. To be clear, our industry is not asking for a gift from the IDB; we are just seeking immediate access to support in the form of loans through fast procedures and liberal terms for repayment. The Haiti Minister of the Economy and Finance is supportive of such an initiative.

While it was widely publicized that the earthquake did not severely cripple Haiti's industrial capacity, existing factories in Haiti are starting to implode due to the ripple effects of the earthquake on our economy. While the Haitian apparel industry re-established some production

the week following the earthquake, the lack of working capital for some firms has reached a critical stage.

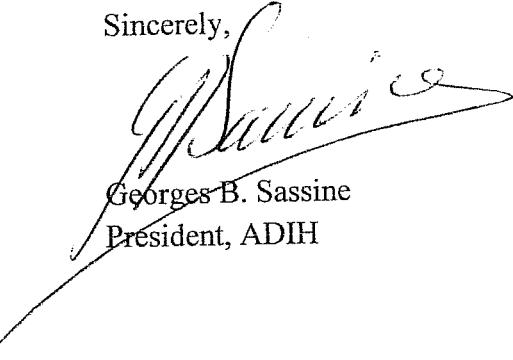
Already one company, Team Manufacturing, has gone out of business. Team Manufacturing was a subcontractor for some of The Gap's production in Haiti, and also made reusable (eco-friendly) grocery bags. At least two more companies are on the brink of liquidating: Textrade, which manufacturers for Dickies; and DKDR, a Korean investment that makes suits for JoS. A. Bank.

As you may know, after the earthquake many of Haiti's factories continued to support their full payroll of workers, even when operating at a reduced operating status. In fact, when Palm Apparel was completely destroyed, Alain Villard continued to pay the families of the deceased employees.

Our greatest fear is that the recent factory failures, for no other reason than a lack of working capital, is the beginning of a domino effect in the industry. Haiti is on the verge of potentially securing new, robust trade benefits from the Untied States, and as you well know, we have major Korean manufacturing companies that are hopeful to invest in our industry. It would be tragic if all of Haiti's potential vanished due to the lack of liquidity and access to temporary financial support. Indeed, the IDB's feasibility studies for new industrial zones would prove fruitless if there is no industry left to build upon.

Thank you for your continuing support, and we hope to receive good news regarding the ESF soon.

Sincerely,



Georges B. Sassine  
President, ADIH

CC:

Ronald Baudin

Minister of the Economy and Finance

Dr. Jean Palème Mathurin

President, CTMO-HOPE; Economic Advisor to the Haiti Prime Minister



## CTMO-HOPE

### Commission Présidentielle Tripartite de Mise en Œuvre de la Loi HOPE

Le 19 juillet 2010

REC'D DES UNITS  
2010 AUG 17 AM 8:44

**Madame Amy Luinstra**  
**Responsable du Programme Betterwork**  
**Bureau international du Travail**  
4, route des Morillons  
CH-1211 Genève 22, Suisse

Chère madame Luinstra,

Le but de cette lettre est d'apporter un éclairage aux interrogations des responsables du Programme Betterwork du Bureau international du Travail soulevées au cours des différentes discussions avec les membres de la CTMO-HOPE et le Comité consultatif du Programme Betterwork sur l'interprétation de la loi sur le salaire minimum en vigueur depuis le 1<sup>er</sup> octobre 2009.

Au nom de la CTMO-HOPE, du Bureau du Premier Ministre d'Haïti, nous avons l'avantage de vous communiquer notre compréhension commune de cette loi, telle qu'elle devrait être interprétée.

Comme vous l'avez constaté, il existe deux articles distincts de la loi sur le salaire minimum par jour pour huit (8) heures de travail fixant, d'une part un salaire minimum à 200 gourdes et d'autre part, un salaire minimum différent « pour les établissements industriels tournés exclusivement vers la réexportation et employant essentiellement leur personnel à la pièce ou à la tâche ».

Ce dernier cas particulier s'applique au secteur de la confection vestimentaire en Haïti. L'interprétation de la loi, telle qu'acceptée en Haïti, est que le prix à la pièce doit être calculé de façon à permettre aux ouvriers de gagner 200 gourdes par jour, mais que le salaire minimum officiel de ces ouvriers ne peut être inférieur à 125 gourdes.

Cette loi comporte deux objectifs. En premier lieu, le travail à la pièce vise à augmenter la productivité mais est calculé à un taux raisonnable permettant à la plupart des ouvriers de gagner au moins 200 gourdes par jour. Deuxièmement, le salaire minimum de 125 gourdes pour le secteur de la confection vestimentaire assure un taux plancher, par exemple, pour les ouvriers nouvellement recrutés, pour ceux qui utilisent de nouveaux équipements ou pour les ouvriers moins qualifiés s'efforçant d'améliorer leur productivité – tout en reconnaissant que les ouvriers n'auront pas tous les capacités immédiates pour réaliser effectivement 200 gourdes à la pièce.

Il est donc évident que le salaire minimum officiel pour le secteur dont s'agit est de 125 gourdes par jour et qu'il passera à 150 gourdes le 1<sup>er</sup> octobre 2010, puis à 200 gourdes le 1<sup>er</sup> octobre 2012. Ensemble, le taux minimum à la pièce atteindra 250 gourdes le 1<sup>er</sup> octobre 2010 et 300 gourdes le 1<sup>er</sup> octobre 2012.

....

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Nous sommes confiants que ce qui précède vous aura permis une plus grande compréhension de cette loi sur le salaire minimum, telle qu'elle s'applique au secteur de la confection vestimentaire.

Nous restons à votre entière disposition pour toutes informations complémentaires dont vous pourrez avoir besoin et vous prions de recevoir, **madame Luinstra**, l'expression de notre parfaite considération.



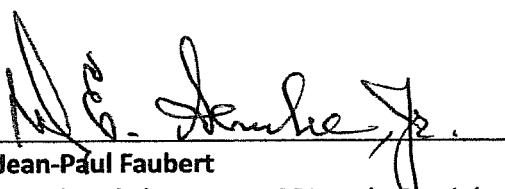
**Louis Pierre Joseph**

Membre de la CTMO-HOPE et du Comité consultatif du Programme Betterwork  
Directeur général du MAST  
Représentant du Ministère des Affaires sociales et du Travail, MAST



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